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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92045849
Party	Defendant Primepoint, L.L.C.
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Date	08/05/2011
Attachments	primepointmotion.pdf ( 4 pages )(17710 bytes ) primepointdistorder.pdf ( 1 page )(33431 bytes ) primepointdistopinion.pdf ( 36 pages )(119104 bytes ) primepoint3rdcircuitjudgment.pdf ( 5 pages )(61958 bytes ) primepoint3rdopinion.pdf ( 3 pages )(34821 bytes )

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

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PRIMEPAY, INC.,

Petitioner,

v.

PRIMEPOINT, LLC,

Respondent.

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Cancellation No. 92045849

**MOTION FOR RESUMPTION OF PROCEEDINGS AND FOR JUDGMENT AGAINST  
PETITIONER BASED UPON FINAL RESOLUTION OF CIVIL PROCEEDINGS  
BETWEEN THE PARTIES**

1. **Background**

On November 17, 2010, the Board continued the suspension of the above-identified proceeding pending the final determination of a related civil proceeding between the parties that would have a direct bearing on the issues before the Board. The civil action was Civil Action No. 1:06-CV-1551 (FLW-JBR) pending in the U.S. District Court for the District of New Jersey.

As noted previously, in the instant cancellation proceeding, as it did in the above-discussed Civil proceeding, Petitioner alleges the following:

- (1) that there is a likelihood of confusion between Petitioner's **Primepay** and related trademarks and Respondent's **Primepoint** mark; and
- (2) that Respondent procured its trademark registration for the **Primepoint** trademark through fraud.

Thus, the claims in the instant cancellation proceeding and the civil proceeding were substantially identical.

Moreover, in the “Prayer for Relief” of its Counterclaims in the civil proceeding, Petitioner asked the District Court, *inter alia*, for an order finding that Respondent’s **Primepoint** trademark infringed Petitioner’s marks and enjoining Respondent’s further use of the mark **Primepoint** and any other mark that contained the word “Prime.”

2. **District Court Decision in Favor of Respondent and Subsequent Affirmation of Decision by U.S. Court of Appeals for the Third Circuit**

On June 30, 2009, the U.S. District Court for the District of New Jersey entered judgment in favor of the Respondent in all regards. In particular, the District Court held that there was no likelihood of confusion between the respective trademarks based upon its assessment of the relevant likelihood of confusion factors. The District Court additionally rejected all of Petitioner’s counterclaims, including its counterclaim for fraud and for cancellation of Respondent’s trademark registration at issue in this proceeding before the Board. A copy of the District Court’s Order and opinion dated June 30, 2009 are included with this filing.

Petitioner timely appealed the District Court’s decision to the U.S. Court of Appeals for the Third Circuit. On September 23, 2010, the Third Circuit affirmed the District Court’s June 30, 2009 Order in its entirety. Petitioner did not appeal the Third Circuit’s decision.

3. **Respondent’s Motion for Resumption and for Judgment**

As stated in T.B.M.P. § 510.02(b):

When a proceeding before the Board has been suspended pending the outcome of another proceeding, and that other proceeding has been finally determined, the interested party should promptly notify the Board in writing of the disposition of the other proceeding, and request that further appropriate action be taken in the Board proceeding. Usually, the interested party requests, as a result of the decision in the other proceeding, that judgment be entered in its behalf on one or more issues in the Board proceeding.

As the allegations contained in Petitioner’s Petition for Cancellation are substantially identical to its claims in the Civil Action discussed above, Petitioner requests that these

proceedings be resumed and, as a result of the decision in the civil proceeding between the parties, that judgment be entered in favor of Respondent, *i.e.*, Respondent asks that the Board enter an order dismissing all of Petitioner's claims set forth in the Petition for Cancellation.

Respectfully submitted,

Dated: August 5, 2011

s/Jordan LaVine/

Jordan LaVine, Esq.  
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Attorneys for Respondent, Primepoint, LLC

**CERTIFICATE OF SERVICE**

I, Jordan LaVine, hereby certify that on the 5<sup>th</sup> day of August, 2011, pursuant to the requirements of the Federal Rules of Civil Procedure, Respondent's Motion for Suspension in View of Civil Proceedings was served upon the following counsel of record for Petitioner via first-class mail postage prepaid.

Mark Lebow, Esq.  
209 Madison Street  
Suite 500  
Alexandria, Virginia 22314

s/Jordan LaVine/  
August 5, 2011

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY  
CAMDEN VICINAGE

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PRIMEPOINT, L.L.C.,

Plaintiff/Counter-claim  
Defendant,

v.

PRIMEPAY, INC.,

Defendant/Counter-claim  
Plaintiff.

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Civil No. 06-1551 (RMB)

**ORDER**

THIS MATTER having come to trial before the Court and the issues having been heard and a decision having been rendered:

IT IS on this, the 30th day of June 2009, for the reasons set forth in the Court's Opinion issued this date;

**ORDERED** and **ADJUDGED** that Judgment shall be entered in favor of the Plaintiff, Primepoint, L.L.C., and against the Defendant, PrimePay, Inc.; and

FURTHER **ORDERED** that the Clerk of the Court is directed to mark this case **CLOSED** for all purposes.

s/Renée Marie Bumb

RENÉE MARIE BUMB

UNITED STATES DISTRICT JUDGE

NOT FOR PUBLICATION

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY  
CAMDEN VICINAGE**

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PRIMEPOINT, L.L.C.,

Plaintiff/Counter-claim  
Defendant,

v.

PRIMEPAY, INC.,

Defendant/Counter-claim  
Plaintiff.

---

Civil No. 06-1551 (RMB)

**OPINION**

**APPEARANCES:**

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Attorneys for PrimePay, Inc.

**BUMB**, United States District Judge:

In this declaratory judgment action, the Court presided over a bench trial concluding on February 20, 2009. At issue was whether the plaintiff, Primepoint, LLC, (the "Plaintiff") is infringing upon the mark of the defendant, PrimePay, Inc., (the

"Defendant") in violation of the Lanham Act, 15 U.S.C. §§ 1051, 1125(a). Specifically, in light of the Court's prior rulings, the sole issue for resolution at trial was whether the two similar marks were likely to result in confusion in the marketplace. See Interpace Corp. v. Lapp, Inc., 721 F. 2d 460, 462-63 (3d Cir. 1983) (establishing the ten "Lapp factors" controlling this inquiry). For the reasons stated herein, the Court finds that there is not a likelihood of confusion, and accordingly enters a judgment for Plaintiff and against Defendant.

#### **Procedural Background**

Plaintiff brought this declaratory judgment action in April 2006 in response to Defendant's allegation that the "Primepoint" mark infringed upon its trademarks and Defendant's accompanying demand that Plaintiff stop using the mark. (Compl. ¶¶ 16-19.) The Complaint sought declarations that Plaintiff has not infringed under the Lanham Act, 15 U.S.C. §§ 1114(1)(a), 1125(a) (Compl. ¶¶ 21-31), that Plaintiff has not engaged in unfair competition under state common law (Compl. ¶¶ 32-35), and that Defendant must, for equitable reasons, be estopped from enforcing its trademark, given the five years Plaintiff had used the Primepoint mark without objection from Defendant (Compl. ¶¶ 36-39). Defendant then brought counterclaims against Plaintiff for trademark infringement under the Lanham Act (Answer ¶¶ 68-78) and



New Jersey law (Answer ¶¶ 79-82), as well as for the invalid registration of the Primepoint mark, which, Defendant averred, was procured through fraud (Answer ¶¶ 83-85).

The parties proceeded to conduct discovery. In August 2007, Plaintiff moved for summary judgment on all counts. In February 2008, the Court granted-in-part and denied-in-part Plaintiff's motion. The Court rejected Defendant's first theory of infringement -- namely, that the Primepoint mark is likely to be confused with Defendant's asserted "family of marks" containing the "Prime" prefix -- holding that Defendant had failed to establish such a "family of marks." (Opp'n 12-17.) The Court further rejected Defendant's counterclaim alleging that the Primepoint mark is invalid, on the ground that the record was devoid of evidence supporting Defendant's claim that Plaintiff willfully withheld information from the United States Patent and Trademark Office. (Opp'n 45-48.) Finally, the Court engaged in a lengthy discussion of whether the Primepoint mark is likely to be confused with the individual PrimePay mark, but, although concluding that most of the applicable factors weighed against a finding of confusion, the Court held that remaining genuine issues of material fact precluded a conclusive determination at the summary judgment phase. A five-day bench trial followed.

#### **Findings of Fact**

1. Plaintiff, Primepoint, LLC, is a New Jersey limited

liability company headquartered at 163 Route 30, Building 1C, Bordentown, NJ 08505. (Stip. Fcts. ¶ 1.) It is a regional company, with only two offices: in Bordentown and Turnersville, New Jersey. (Tr., Feb. 2, 2009, 51:20-21, 85:15-23.) It provides customers with payroll processing and payroll tax services using the Primepoint mark. (Stip. Fcts. ¶ 2.) Plaintiff conceives of itself primarily as a technology company that focuses on payroll and human resources information technology. (Tr., Feb. 2, 2009, 51:12-13.)

2. Defendant, PrimePay, Inc., is a Virginia corporation headquartered at 596 Lancaster Ave., Malvern, PA 19355. (Stip. Fcts. ¶ 9.) It is a national company, conducting business in all 50 states, with over 30 offices nationwide, including in Philadelphia, Newark, Hartford, Manhattan, Long Island, Albany, Pittsburgh, Cleveland, Baltimore, and Washington, D.C. (Stip. Fcts. ¶ 13; Tr., Feb. 6, 2009, 5:9-12.) It provides payroll processing and other business services to primarily small and mid-sized firms. (Tr., Feb. 6, 2009, 5:14-6:13.)

3. On August 7, 2001, Plaintiff filed an application to register its Primepoint trademark with the U.S. Patent and Trademark Office. The U.S. Patent and Trademark Office issued a registration (Registration No. 2,715,127) to Plaintiff for its mark on May 13, 2003. (Stip. Fcts. ¶¶ 4, 8.)

4. Defendant traces its registration to June 1, 1995, when

AutoTax, Inc., the predecessor to PrimePay, filed two applications to register the service mark PrimePay with the U.S. Patent and Trademark Office. In November 1996, AutoTax, Inc. assigned its rights in the PrimePay mark to Defendant. (Stip. Fcts. ¶¶ 10-12.)

5. Plaintiff owns and operates the internet website "www.eprimepoint.com"; Defendant owns and operates the internet website "primepay.com". (Stip. Fcts. ¶¶ 3, 14.)

6. Although Plaintiff and Defendant are both in the business of payroll processing and other human resources services, the two companies operate on distinct business models. Both companies process payroll and issue paychecks for businesses, among other services. However, while Defendant views its clients to be the businesses themselves, Plaintiff considers its clients to be intermediary financial institutions like banks, credit unions, and insurance agencies. Plaintiff's business is focused primarily on "co-branding", that is, developing cooperative relationships with financial institutions like banks, which, in turn, offer Plaintiff's services to their customers. (Tr., Feb. 2, 2009, 51:24-53:5.) In other words, Plaintiff conceives of itself as a wholesaler of payroll and related services, while Defendant is a retailer. (Tr., Feb. 3, 2009, 101:19-21.)

7. Despite their distinct business models, Plaintiff and Defendant are functionally direct competitors. A substantial

portion of Plaintiff's business is conducted through independent financial institutions.<sup>1</sup> (Tr., Feb. 2, 2009, 98:13-17; Tr. Feb. 3, 2009, 126:10-17.) However, Plaintiff, using the Primepoint name, still solicits business from its co-branders' customers (although purportedly acting on behalf of the co-brander). (Tr., Feb. 2, 2009, 97:4-7; Tr., Feb. 3, 2009, 102:15-18.) And in doing so, it is trying to take customers or prospective customers away from Defendant. (Tr., Feb. 3, 2009, 124:11-18.)

Importantly, the remaining portion of Plaintiff's business is conducted through the co-branding entity "Delaware Valley Payroll." (Tr., Feb. 2, 2009, 97:4-7.) Although separate corporate entities, Primepoint and Delaware Valley Payroll operate as a single enterprise. (Tr., Feb. 3, 2009, 125:9-17.) Delaware Valley Payroll exists only as a separate marketing "brand," so that Primepoint's co-branding partners will perceive their direct competitor to be Delaware Valley Payroll, not Primepoint itself. (Tr., Feb. 3, 2009, 101:12-102:10.) The two

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<sup>1</sup> Precisely what percentage of Plaintiff's business is conducted through these independent financial institutions is a matter of dispute. One of Plaintiff's witnesses, James J. Jacob, Jr., Primepoint's Vice President of Business Operations, claimed that 70 percent of Plaintiff's business is done through independent financial institutions, while the remaining 30 percent is done through Delaware Valley Payroll, an in-house entity. (Tr., Feb. 2, 2009, 98:13-17; 125:14-17.) However, another Plaintiff witness, Alexander Bothwell, Jr., the CEO of Primepoint, claimed that "a good majority" of Plaintiff's customers were engaged through Delaware Valley Payroll, rather than an independent financial institution. (Tr., Feb. 3, 2009, 126:10-17.) The Court need not decide which witness is correct.

entities share a common address and phone number. (Tr., Feb. 3, 2009, 130:3-13.) Delaware Valley Payroll has only four employees, all of whom are also employees of Primepoint. (Tr., Feb. 3, 2009, 98:21-99:9.) Delaware Valley Payroll has no sales or administrative staff; it relies upon Primepoint's employees to conduct its daily operations and to maintain its customer relationships. (Tr., Feb. 3, 2009, 100:8-11, 143:11-21.)

Regardless of whether Plaintiff's employees are soliciting business on behalf of Delaware Valley Payroll or an independent co-branding entity, they use the Primepoint mark -- on corporate literature, business cards, and other business documents -- and customers perceive them to be selling services on behalf of Primepoint. (Tr., Feb. 3, 2009, 22:3-12; Tr., Feb. 5, 2009, 184:4-18; Tr., Feb. 20, 2009, 56:5-19; Ex. D-35; Ex. D-29; Ex. D-36.)

8. The Primepoint and Primepay marks bear certain similarities:

a. Both marks are composed of an identical prefix ("Prime") and a second short, one-syllable root-word that begins with a P, making the marks alliterative.

b. Both marks are used in commerce without a space between the prefix Prime and the root-word Pay/point.

c. The marks have the same number of syllables and the same stress pattern.

d. Both marks visually signal that they are composed of two parts beginning with the letter "P" -- the PrimePay mark by capitalizing both words; the Primepoint mark by coloring the two component words differently.

e. Both parties use their respective mark as a business name and overarching business brand. For both parties, the marks are used to designate the specific service that is the core service offered by both parties, payroll processing.

f. Both marks use a blue and green color scheme in connection with the marks. These color schemes are used throughout the parties' advertisement and promotional efforts including in the parties' promotional literature, websites, presentations, business cards, and other media.

9. The Primepoint and PrimePay marks bear certain differences:

a. Although both marks appear in blue and green, the two marks use different shades of those colors.

b. The blue-green color transition is abrupt in the Primepoint mark, while it is a gradual gradation in the PrimePay mark. Thus, distinct colors separate the component two words only in the Primepoint mark.

c. While the PrimePay mark visually distinguishes between its prefix and root-word by using a capital-letter "P" to divide them, the Primepay mark uses all lowercase letters.

d. The Primepoint mark incorporates a distinctive graphic element: a swooping arc ending at the dot atop the second "i".

e. The root-words "Pay" and "point" are different, sharing no common vowels and ending in different sounds.

f. The root-word "Pay" relates to the paycheck services Defendant provides, while "point" does not.

g. The PrimePay mark is printed in a serif typeface, while the Primepoint mark is not.

h. The Primepoint mark usually includes the phrase "Powered By" to indicate Primepoint's unique role as the technology provider, rather than retailer of business services.

10. Brothers Alexander and David Bothwell founded Primepoint in 2000 while they were working for Delaware Valley Payroll, which was a family-owned payroll and bookkeeping company. (Tr., Feb. 3, 2009, 78:1-14; 79:25-80:20.) The Primepoint name was decided at a late-night brainstorming meeting attended by the two brothers as well as James J. Jacob, Jr., then-sales manager of Delaware Valley Payroll. (Tr., Feb. 3, 2009, 80:5-81:11.) They chose the prefix "prime" because of its generally positive connotation and its connection to financial services; they chose "point" because it reflected the array of services, revolving around a central point, that the new business would provide. (Id. at 82:4-22; 108:15-110:8.)

11. The Bothwells conducted an internet search to ensure that the name was not already in use. (Id. at 82:19-83:6.) That search did not inform them of the existence of PrimePay. (Id.) They then engaged an attorney to ensure that their use of the name was in compliance with legal requirements, including proper registration. (Id. at 82:20-22, 88:6-12.) Despite their collective experience in the payroll processing industry, they had not heard of PrimePay at the time they selected the name. (Id. at 110:6-8.)

12. Plaintiff markets its product in a variety of ways. It meets with representatives from financial institutions such as banks and insurance agencies -- potential co-branders -- to sell its product through the previously described "wholesale" model. (Tr., Feb. 2, 2009, 81:3-22.) It also meets directly with "end-users," that is, the businesses ultimately purchasing the payroll and business services, through these co-branding partners. (Id. at 82:7-12.) Often -- but not always -- a representative from the co-branding partner is present at these meetings. (Id.; Tr. Feb. 3, 2009, 137:20-23.) It also markets directly to end-users, purportedly through the vehicle of Delaware Valley Payroll; however, only Primepoint representatives are present at these meetings and the representatives distribute Primepoint promotional materials, business cards, etc. (Tr., Feb. 2, 2009, at 85:1-8, 93:8-11, 126:16-20.) Plaintiff also promotes itself



by attending trade events like chamber of commerce meetings, initiating contact with public accountants, responding to referrals and inquiries, distributing promotional literature through in-person contact and direct mail, making in-person sales calls, and, at least sometimes, conducting "cold calls" directly to end-user businesses. (Id. at 115:11-116:14, 105:2-3; Tr., Feb. 3, 2009, 114:4-5.) In total, Plaintiff spends approximately \$30,000 annually on its advertising and promotional activities. (Tr., Feb. 3, 2009, 114:16-17.)

13. Defendant employs many of the same marketing techniques, including: in person sales presentations, cold calling by telephone and in person, networking with referral sources including public accountants, insurance brokers, bankers, and other business service providers, attending chambers of commerce events, trade shows, and other business-to-business events, and distributing promotional literature. (Tr., Feb. 20, 2009, 121:20-22, 123:18-23; Exs. D-1-9.) Defendant spends between \$500,000 and \$1,000,000 annually on advertising and promotional activities. (Tr., Feb. 6, 2009, 9:4-7.)

14. For both parties, a primary channel of delivery of their services is the internet and the proprietary software that each company creates. (Tr., Feb. 2, 2009, 53:9-64:25; Tr., Feb. 20, 2009, 70:12-24, 71:18-73:7, 80:20-81:1.)

15. Plaintiff did not become aware of Defendant until 2004.

(Tr., Feb. 2, 2009, 92:9-93:24.) Plaintiff has not encountered any instances of confusion between the two companies. (Tr., Feb. 2, 2009, 100:10-12; Tr., Feb. 3, 2009, 83:8-11, 117:15-22.)

16. Defendant has encountered sporadic instances of consumer confusion. (Tr., Feb. 5, 2009, 12:20-25, 25:7-17, 29:7-21, 56:16-20, 67:8-71:21, 82:4-16, 184:25-186:16; Tr., Feb 20, 2009, 56:1-11.) One PrimePay sales representative testified to making approximately 100,000 contacts in New Jersey in his two years working at the company, and encountering only one instance of confusion. (Tr., Feb. 5, 2009, 56:16-20.) Another PrimePay sales representative testified to making approximately 3,000 telephone contacts in her one year working at PrimePay, and encountering only two instances of confusion. (Tr., Feb. 5, 2009, 188:7-25.)

17. The word "Prime" within the names of businesses that deal generally in monetary and financial matters is common. (Ex. P-25.)

### **Conclusions of Law**

1. Federal trademark infringement and federal unfair competition/false designation of origin claims are measured by identical standards, as are New Jersey claims for infringement and unfair competition. A&H Sportswear, Inc. v. Victoria's Secret Stores, Inc., ("A&H V"), 237 F.3d 198, 210 (3d Cir. 2000); see Apollo Distrib. Co., v. Jerry Kurtz Carpet Co., 696 F. Supp.

140, 143 (D.N.J. 1988) (noting that the analysis of New Jersey law claims for trademark infringement and unfair competition are the same as the federal analysis).

2. Section 32(1) of the Lanham Act, which covers trademark infringement, states:

(1) Any person who shall, without the consent of the registrant--

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; . . . shall be liable in a civil action by the registrant . . . .

15 U.S.C. § 1114(1). Section 43(a) of the Lanham Act, which covers false designation of origin/unfair competition, states:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

115 U.S.C. 1125(a) (1) (A) .

3. Trademark infringement is defined as "use of a mark so similar to that of a prior user as to be 'likely to cause confusion, or to cause mistake, or to deceive.'" Kos Pharms., Inc., v. Andrx Corp., 369 F.3d 700, 711 (3d Cir. 2004) (quoting

15 U.S.C. § 1114(1)). "To prove either form of Lanham Act violation, a plaintiff must demonstrate that (1) it has a valid and legally protectable mark; (2) it owns the mark; and (3) the defendant's use of the mark to identify goods or services causes a likelihood of confusion." A&H V, 237 F.3d 198. Only the third element -- the likelihood of confusion -- is in dispute here.

4. "A likelihood of confusion exists when 'consumers viewing the mark would probably assume that the product or service it represents is associated with the source of a different product or service identified by a similar mark.'" A&H V, 237 F.3d at 211 (quoting Dranoff-Perlstein Assocs. v. Sklar, 967 F.2d 852, 862 (3d Cir. 1992)). Likelihood of confusion can be determined with reference to a ten-factor test, developed in Interpace Corp. v. Lapp, Inc., 721 F. 2d 460, 462-63 (3d Cir. 1983), which has come to be known as the "Lapp factors." Freedom Card, 432 F.3d at 471 ("[T]he Lapp factors should be used for both competing and non-competing goods." (citing A&H V, 237 F.3d at 213)). The Lapp factors are:

- (1) the degree of similarity between the owner's mark and the alleged infringing mark;
- (2) the strength of the owner's mark;
- (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase;
- (4) the length of time the defendant has used the mark without evidence of actual confusion arising;

- (5) the intent of the defendant in adopting the mark;
- (6) the evidence of actual confusion;
- (7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media;
- (8) the extent to which the targets of the parties' sales efforts are the same;
- (9) the relationship of the goods in the minds of consumers because of the similarity of function;
- (10) other factors suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant's market, or that he is likely to expand into that market.

Freedom Card Inc. v. JP Morgan Chase & Co., 432 F.3d 463, 471 (3d Cir. 2005) (citing Lapp, 721 F.2d at 463). "[N]one of these factors is determinative of the likelihood of confusion, and each factor must be weighed and balanced against the other."

Checkpoint Sys., Inc. v. Check Point Software Techs., Inc., 269 F.3d 270, 280 (3d Cir. 2001).

5. The first Lapp factor, similarity of the marks, favors neither Plaintiff nor Defendant.

a. When testing for similarity, courts ask "whether the labels create the same overall impression when viewed separately." Id. at 216 (internal quotations omitted). Two marks will be considered confusingly similar "if ordinary consumers would likely conclude that [the two products] share a common source, affiliation, connection or sponsorship." Id. at 217. Courts view the marks in their entirety. Kos Pharm., 369

F.3d at 713.

b. The two marks at issue here bear certain similarities: they begin with the prefix "Prime"; the prefix is followed immediately by a single syllable word beginning with "P", which results in alliteration between the two words; the marks incorporate the colors blue and green; both marks signal that they are composed of two parts beginning with the letter "P" (the PrimePay mark by capitalizing both words, the Primepoint mark by coloring the two component words differently).

c. The two marks bear certain differences: the blue-green color transition is abrupt in the Primepoint mark, while it is a gradual gradation in the PrimePay mark (Tr., Feb. 6, 2009, 22:4-18);<sup>2</sup> distinct colors separate the component two words in the Primepoint mark; the latter "P" is capitalized in the PrimePay mark; the Primepoint mark incorporates a distinctive graphic element, a swooping arc ending at the dot atop the second "i"; the PrimePay mark is printed in a serif typeface, while the Primepoint mark is not (Tr., Feb. 20, 2009, 30:22-31:1); the Primepoint mark is usually accompanied by the introductory words "Powered By"; the marks incorporate distinctive sounds ("point"

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<sup>2</sup> At trial, Plaintiff elicited testimony on cross-examination that the precise shades of blue and green in the two marks are different. (Tr., Feb. 20, 2009, 33:10-34:5). While this is undoubtedly correct, consumers in the marketplace would not be sensitive to this subtle difference unless they were comparing the two marks alongside one another.

and "Pay" have no common vowels and "point" ends in a consonant whereas Pay ends in a vowel); and the word "Pay" relates to the paycheck services Defendant provides (Tr., Feb. 6, 2009, 19:13-15), while "point" does not.

d. In its summary judgment Opinion, the Court noted that the facts as then presented weighed in favor of a finding of likely confusion between the marks. (Op. 23-24.) The Court relied heavily upon the fact that both marks are composed of the same number words (two), the same number of syllables (two), and have the same stress pattern. See A&H V, 237 F.3d at 217 (distinguishing the marks in part because one "bleeds two words together while [the other] consists of three discrete words"); Middleton, Inc. v. Swisher Intern'l, Inc., No. 03-3908, 2006 WL 2129209, \*3 (E.D. Pa. July 26, 2006) (noting syllable and stress pattern similarity). However, the Court added that, "an issue of fact remains as to whether the marks at issue are sufficiently similar such that consumer confusion will result." (Op. 23-24.) See Medavante, Inc. v. ProxyMed, Inc., 2006 U.S. Dist. LEXIS 74614 at \*22 (D.N.J. Oct. 12, 2006) ("[T]he fact that there are some differences in what two marks suggest is not enough to conclude that they are not confusingly similar.").

e. Having heard all of the evidence at trial and having reviewed the marks in their context -- on websites, brochures, signs, banners, mugs, book-covers, letterhead, sales literature,

water bottles, pens, baseball caps, mouse-pads, and golf towels - the Court finds that the marks' similarity weighs neither in favor, nor against, an ultimate finding of a likelihood of confusion. The marks bear substantial similarities, to be sure. The Court is mindful that similar characteristics weigh more heavily than isolated differences. Middleton, 2006 WL 2129209, \*3 (citing Official Airline Guides, Inc. v. Goss, 6 F.3d 1385, 1392 (9th Cir. 1993)). The Court is nonetheless struck by the noticeably different overall "look and feel" of the two marks, despite their similarities.<sup>3</sup> The PrimePay mark appears in a typewriter-like typeface, which conveys the mood and tone of business. The Primepoint mark appears in a more casual and modern sans-serif typeface, accompanied by the swooping graphic element, which conveys a markedly different mood and tone. The similar coloring of the two marks does not mitigate this tonal difference, since the relevant colors -- blue and green -- are popular and thus undistinguished. (Tr., Feb. 20. 2009, 38:3-24.) While the Court recognizes that some consumers may be confused by the similar-sounding names, the Court cannot with confidence

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<sup>3</sup> Defense witness Todd Quarfot aptly described what is meant by a mark's "look and feel": "A look and feel is an image that we want to portray so that when a prospect[ive client] or anyone else views it, they kind of see it as part of a similar family, [as] part of a line of products and services. So, when they see it they signify PrimePay. . . . It's part of, you know, our strategy to help build our brand and give consistency when people see PrimePay documentation, they signify that with a PrimePay product or service." (Tr., Feb. 6, 2009, 31:21-32:13.)



conclude that such confusion, in the context of their different appearance, is likely or common.<sup>4</sup>

6. The second Lapp factor, strength of the mark, weighs in favor of Plaintiff.

a. To examine the strength of the mark under Lapp, the Court evaluates "1) the mark's distinctiveness or conceptual strength (the inherent features of the mark) and 2) its commercial strength (factual evidence of marketplace recognition)." Freedom Card, 432 F.3d at 472.

The conceptual strength of a mark is measured by classifying the mark in one of four categories ranging from the strongest to the weakest: (1) arbitrary or fanciful (such as "KODAK"); (2) suggestive (such as "COPPERTONE"); (3) descriptive (such as "SECURITY CENTER"); and (4) generic (such as "DIET CHOCOLATE FUDGE

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<sup>4</sup> The Court holds that the first Lapp factor does not weigh clearly in favor of either party. In other words, the Court lacks a sufficient basis to conclude either that the mark's similarities make marketplace confusion likely or unlikely. Perplexingly, the parties did not offer any evidence (such as expert testimony) about what characteristics are most salient in the eyes of a typical consumer or what characteristics are most likely to cause confusion. Faced with two marks that are similar in some respects and different in other respects, the Court has little basis to decide "if ordinary consumers would likely conclude that [the two products] share a common source, affiliation, connection or sponsorship." Checkpoint Sys., 269 F.3d at 217. To illustrate the point: Plaintiff's papers assert that the two marks sound sufficiently different that they "are unlikely to be misheard for one another," (Pl.'s Br. 16, ¶ 77), while Defendant's papers make precisely the opposite claim, (Def.'s Br. 6, ¶ 4). The Court lacks any basis whatsoever to determine which averment is correct. Furthermore, as the Court will discuss, the anecdotal evidence that a few customers have been confused in the past due to the marks' similarity certainly cannot support a finding that such confusion is likely as a general matter.

SODA"). Stronger marks receive greater protection. Freedom Card, 432 F.3d at 472 (internal quotations and citations omitted).

b. In its summary judgment Opinion, the Court held that the PrimePay mark is weak, despite being in the "suggestive" category. See A&H V, 237 F.3d at 222 ("Suggestive or arbitrary marks may, in fact be 'weak' marks, particularly if they are used in connection with a number of different products."). Although "pay" is a descriptive element, the mark in its entirety "require[s] consumer imagination, thought or perception to determine what the product is." A&H V, 237 F.3d at 221-222. The Court relied upon three factors in reaching its determination: widespread use in the industry, see Citizens Financial Group, 383 F.3d at 124 ("[A]s a general rule, widespread use of even a distinctive mark may weaken the mark."), the mark's self-laudatory character, see A&H V, 237 F.3d at 222 (nothing that marks such as "Super" or "Plus" are generally held to be weak), and little market recognition, see Urban Outfitters, 511 F. Supp. 2d at 493 (finding strong mark where brand was well-established and widely recognized).

c. No evidence offered at trial undermines the Court's prior view. The only evidence offered by Defendant suggesting the PrimePay mark's strength is evidence of its advertising expenditures, amounting to between \$500,000 and \$1,000,000

annually, (Tr., Feb. 6, 2009, 9:4-7), as well as the appearance of the PrimePay mark on all checks Defendant processes and promotional materials it distributes. (Tr., Feb. 5, 2009, 14:16-15:9, 16:11-22, 20:14-21:9, 21:21-24, 22:4-23:23; Feb. 6, 2009, 16:1-16, 37:9-38:4.) The Court is unswayed by this evidence. While relevant, this evidence does not suffice to establish a strong mark. See EMSL Analytical, Inc. v. Testamerica Analytical Testing Corp., No. 05-5259, 2006 U.S. Dist. LEXIS 16672, \*21-22 (D.N.J. Apr. 4, 2006) (finding that the amount of money spent on advertising and marketing is not necessarily indicative of the strength of a mark especially where there has been no showing that the expenditures resulted in actual consumer recognition of the mark). Defendant has not conducted a survey or focus group to determine how recognizable the PrimePay name is in the marketplace. (Tr., Feb. 20, 2009, 42:11-43:9.) In contrast, Plaintiff has presented some evidence that the word "prime" is a frequent element in the marks of correlative businesses. (Tr., Feb. 3, 2009, 160:3-12; Ex. P-25.)<sup>5</sup> Accordingly, the evidence offered at trial confirmed the

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<sup>5</sup> The parties spent considerable time at trial disputing whether the trademark search conducted by Plaintiff's witness, Jordan LaVine, was of the proper industry class. The Court found this dispute to be of limited value. The search conducted by Mr. LaVine was probative insofar as it illustrated generally that the word "prime" is a common element among similar businesses (that is, businesses dealing in monetary and financial matters). Whether a search in International Class 35, rather than Class 36, would have provided a somewhat more precise measure of the

Court's previously stated view that the PrimePay mark is weak.

7. The third Lapp factor, attention of consumers, weighs in favor of Plaintiff.

a. "Where the parties' consumers are sophisticated and the purchase process requires close analysis by the buyer, confusion is often unlikely." EMSL Analytical, 2006 U.S. Dist. LEXIS 16672, \* 24; see also Kos Pharm., 369 F.3d at 715 ("The third Lapp factor weights against finding a likelihood of confusion 'when consumers exercise heightened care in evaluating the relevant products before making purchasing decisions.'") (quoting Checkpoint, 269 F.3d at 284). When the consumer is a "professional buyer", in particular, it is assumed that the consumer exercises a higher standard of care than others. McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC, 2007 U.S. App. LEXIS 29751, \* 32-33 (3d Cir. Dec. 24, 2007) (quoting Versa Prods., 50 F.3d at 204-05) (internal citation omitted). Notably, the mere presence of "mom and pop" purchasers will not require a low-level of sophistication -- especially if the products being purchased constitute an important investment decision for those purchasers. See Checkpoint Sys. Inc., 269 F.3d at 286 (finding

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frequency of "prime" is irrelevant to the general, and undisputed, notion that "prime" is common among such businesses. Furthermore, since Defendant did not introduce the results of a search in its preferred Class, the Court lacks any reason to believe that the results in that Class would be substantially different.

that the court properly held that a heightened degree of care would be used by consumers because of significant investment required to obtain product at issue).

b. In its summary judgment Opinion, the Court held that this factor weighed in favor of Plaintiff because both company's customers are primarily businesses, which are expected to take care in selecting a payroll service provider. The Court noted that even relatively unsophisticated businesspeople will normally select a human-resources service provider with special care.

c. The evidence presented at trial confirmed that businesses contracting with payroll service providers exercise care in doing so. The consumer decision is not casual, unmindful, or spontaneous; representatives of both companies routinely meet with prospective clients for extended periods to pitch their product, (Tr., Feb. 2, 2009, 81:25-82:2; Tr., Feb. 5, 2009, 79:23-80:2), the decision is often approved by more than one decision-maker in the client-company (Tr., Feb. 5, 2009, 180:11-24; Tr., Feb. 20, 2009, 54:10-20), and the client-companies often make the decision after having experience with other payroll services companies (Tr., Feb. 5, 2009, 179:2-3, 194:3-4; Tr. Feb. 20, 2009, 52:14-18).

d. The Court does not rely upon the distinction drawn by Plaintiff that its clients are "co-branders" -- banks and other financial institutions -- not the ultimate purchasers of

payroll services. The Court heard testimony that Delaware Valley Payroll may sometimes do business under the Primepoint name (Tr., Feb. 5, 2009, 181:6-7, 184:4-18; Tr., Feb. 20, 2009, 56:5-21), and thus proceeds on the assumption that customers are deciding between services provided by Primepoint and PrimePay.

Nonetheless, given the customers' sophistication and the decision's importance, the Court finds that customers make the purchasing decision with heightened attention and care.

8. The fifth Lapp factor, Plaintiff's intent in adopting the mark, weighs in favor of Plaintiff.

a. The relevant inquiry "extends beyond asking whether a defendant purposely chose its mark to 'promote confusion'. . . [and also examines] [t]he adequacy and care with which a defendant investigates and evaluates its proposed mark . . . ." Kos. Pharm., 369 F.3d at 720; see Urban Outfitters, Inc. v. BCBG Max Azria Group, Inc., 511 F. Supp. 2d 482, 501 (E.D. Pa. 2007) ("evidence of a defendant's carelessness in evaluating the potential confusion caused by its mark with that of a senior user is 'highly relevant' and will tend to favor a finding of likelihood of confusion"). But see A&H V, 237 F.3d at 225-26 ("[An alleged infringer's] intent will indicate a likelihood of confusion only if intent to confuse consumers is demonstrated via purposeful manipulation of the junior mark to resemble the senior's.").

b. In its summary judgment Opinion, the Court found that "no issue of fact remains" as to Plaintiff's care in adopting the Primepoint mark, because there was no record evidence that Primepoint was aware of PrimePay and failed to follow-up on that awareness with a proper investigation into pre-existing marks. (Op. 32.)

c. Although Defendant now urges the Court to abandon its summary judgment ruling as to this issue, it has persisted in failing to present evidence that Primepoint was aware of PrimePay and failed to follow-up on that awareness with a proper investigation. Indeed, the only relevant evidence presented at trial is that: (i) despite Plaintiff's substantial experience conducting payroll-related business in the region, it had not heard of PrimePay (Tr., Feb. 3, 2009, 83:8-14); (ii) Plaintiff conducted an internet search to confirm that no other companies were using the Primepoint name (Tr., Feb. 3, 2009, 81:5-11); and (iii) Plaintiff engaged legal representation to ensure legal compliance and register the mark (Tr., Feb. 3, 2009, 88:6-12). On this evidence, the Court cannot conclude that Plaintiff was reckless in its selection of the Primepoint mark. See Fisons Horticulture, Inc. v. Vigoro Inds., Inc., 30 F.3d 466, 480 (3d Cir. 1994) (stating that the appropriate inquiry is whether the company conducted an adequate name search for other companies marketing similar goods and whether it followed through with an

investigation if such companies were found).

9. The fourth and sixth Lapp factors, which the Court will address together, weigh in favor of Plaintiff. Those closely related factors are: the length of time Plaintiff has used the mark without evidence of actual confusion arising and the evidence of actual confusion itself.

a. "[T]wo parties' concurrent use of 'similar marks for a sufficient period of time without evidence of consumer confusion about the source of the products' allows 'an inference that future consumers will not be confused either.'" Kos Pharms., Inc., 369 F.3d at 717 (quoting Fisons Horticulture v. Vigoro Indus., 30 F.3d at 476); Versa Prods. Co. v. Bifold Co., 50 F.3d 189, 205 (3d Cir. 1995) ("If a defendant' product has been sold for an appreciable period of time without evidence of actual confusion, one can infer that continued marketing will not lead to consumer confusion in the future. The longer the challenged product has been in use, the stronger this inference will be.").

b. In its summary judgment Opinion, after an extensive discussion of the hearsay issues implicated by the record evidence, the Court held that the evidence of confusion presented by Defendant was "isolated, idiosyncratic and de minimus" and was thus insufficient to weigh in Defendant's favor. (Op. 40.)

c. The Court recognizes that any evidence of actual



confusion should not be minimized. J. Thomas McCarthy, 4 McCarthy on Trademarks and Unfair Competition, § 23:13 (2009) ("Any evidence of actual confusion is strong proof of the fact of a likelihood of confusion."). Indeed, "it is difficult to find evidence of actual confusion because many instances are unreported. For this reason, evidence of actual confusion may be highly probative of the likelihood of confusion." Checkpoint Systems, 269 F.3d at 291. However, isolated instances of confusion do not necessarily establish a likelihood of confusion. McCarthy, supra, at §23:14 ("[A]n isolated instance of confusion does not prove probable confusion. To the contrary, the law has long demanded a showing that the allegedly infringing conduct carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care." (quoting Int'l Ass'n of Machinists & Aero. Workers v. Winship Green Nursing Ctr., 103 F.3d 196 (1st Cir. 1996).) In particular, if isolated instances of confusion arise in the context of a large volume of contacts, these instances should be accorded relatively little weight. McCarthy, supra, § 23:14 (citing, inter alia, A&H Sportswear, 237 F.3d at 198 ("Placed against the background of the number of opportunities for confusion, it is not so surprising that isolated evidence of actual confusion exists. However, such evidence is not itself sufficient to establish a likelihood of confusion."))).

d. Here, Defendant offered five witnesses testifying to an experience of customer confusion.<sup>6</sup> Three of the witnesses were current or former PrimePay employees who encountered sporadic instances of confusion in their contact with prospective customers;<sup>7</sup> the remaining two witness were PrimePay customers who corroborated the testimony of the employee-witnesses by testifying to being confused themselves.<sup>8</sup> The Court is mindful of the highly persuasive force normally accorded to testimony of actual confusion. However, two factors mitigate the impact of

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<sup>6</sup> As to accounts of customer confusion presented at trial, Plaintiff objected numerous times to questions and testimony on grounds of hearsay. The Court ruled on some of these objections and reserved ruling on others. The Court has reviewed all of the statements about which objections were raised and has adhered to the hearsay standards set out in its summary judgment Opinion. In short, statements evincing confusion, especially statements that stand for factually incorrect propositions, are not hearsay because they are not offered for the truth of the matter asserted.

<sup>7</sup> The Court is unsure what weight to give the instances of confusion presented by the PrimePay employee-witnesses, since the purportedly confused party -- the clients or prospective clients -- did not testify and were not subject to cross-examination. "Sometimes what appears at first glance to be evidence of confusion is merely evidence of consumer error not related to name confusion." McCarthy, supra, § 23:13. The Court has no way to determine which of these instances were genuine confusion and which ones were, in fact, consumer error that the witnesses wrongly perceived as confusion. For example, it is quite likely that at least one instance of purported confusion was actually mere error. (Tr., Feb. 5, 2009, 29:14-21.)

<sup>8</sup> Each of Defendant's witnesses had an incentive to embellish their testimony, as they were all current or former PrimePay employees, or being compensated by PrimePay for their testimony. (Tr., Feb. 5, 2009, 196:23-198:1; Tr. Feb. 20, 2009, 57:4-5, 58:4-12.)

the testimony here. First, Defendant offered evidence of only a handful of instances of confusion, despite the more than 40,000 sales calls made by both companies over the nine years that the two marks coexisted and the two companies conducted business in the same region. (Tr., Feb. 2, 2009, 82:3-12, 95:6-96:5; Tr., Feb 5, 2009, 56:11-23, 63:22-64:13, 71:5-19, 77:18-24; 186:24-188:14.)<sup>9</sup> Second, each instance of confusion was momentary and fleeting. For example, one witness testified about encountering a PrimePay sales representative after meeting with Primepoint representatives. She described her confusion:

She said she is from PrimePay. I said oh, right. I met with your two gentleman (sic) last week. . . . And she said from my company? I said yeah, they are from your company. . . . I said I can I can prove to you that they are from your company. I went and got the company['s promotional materials]. She said that is not us. I said what is the difference? Yours is the same as theirs. She said no. We are two different companies. And she explained to me that they were two separate companies. . . . I was confused . . . because she had a brochure, and the other gentleman had given me a brochure, both of them looked similar. That was the first thing I saw because she was sitting and I was standing and I looked directly down at her lap, and that is what confused me.

(Tr., Feb. 20, 2009, 55:1-22). Here, as in the other instances described at trial, the confusion was momentary. A prospective client quickly glanced at a brochure that was sitting in someone else's lap, and, thinking back on her contact with another

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<sup>9</sup> Tellingly, Primepoint representatives testified that they are not aware of any instances of anyone being confused between Plaintiff and Defendant. (Tr., Feb. 2, 2009, 100:10-12; Tr., Feb. 3, 2009, 83:8-11, 117:15-22.)

payroll company with a similar name, she understandably conflated the two. Her mistake was quickly and easily corrected.

Importantly, had her mistake not been corrected immediately, she almost certainly would have clarified the matter on her own, once given the opportunity to review the second company's promotional materials.<sup>10</sup> Despite the evidence of momentary and fleeting confusion, Defendant offered no evidence that a customer actually purchased -- or even seriously considered purchasing -- Plaintiff's services on the mistaken belief that Plaintiff was actually Defendant.

e. As to the length of time Plaintiff used the mark without evidence of actual confusion arising: the earliest evidence of actual confusion in the record is in late 2005. Thus, the record is devoid of evidence of confusion for the first five years of Plaintiff's use of the Primepoint mark, despite Plaintiff's active self-promotion during that period. (Tr., Feb. 2, 2009, 95:18-25.) This fact provides further support for the Court's finding that the instances of confusion were isolated and sporadic.

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<sup>10</sup> This is confirmed by the testimony of PrimePay employee James Russell, who testified to an instance of confusion by a PrimePay client, Tippy Toes Daycare, which came to his attention only because the client called Russell after receiving a solicitation from Primepoint to clarify that the two companies were not affiliated. (Tr., Feb. 5, 2009, 28:4-10.) Here, too, the confusion proved to be momentary, fleeting, and easily clarified -- in this instance, illustratively, the clarification occurred on the customer's initiative.

f. Accordingly, the fourth and sixth Lapp factors -- addressing evidence of actual confusion -- weigh in favor of a finding that confusion more significant than the previously discussed de minimus examples is not likely.

10. The seventh, eighth, and ninth Lapp factors, which the Court will address together, weigh in favor of Defendant. Those closely related factors are: whether the goods are marketed through the same channels of trade and advertised through the same media; the extent to which the targets of the parties' sales efforts are the same; and the relationship of the goods in the minds of consumers because of the similarity of function. All three factors deal with the nature of the services provided, the customers targeted, and the methods used to reach those customers.

a. The parties dispute whether the advertising and marketing efforts, sales efforts, and functions of Plaintiff and Defendant are similar. If the products are closely related and the parties' sales and marketing efforts overlap, these factors will weigh in favor of Defendant. See Checkpoint, 269 F.3d at 288-89 ("[T]he greater the similarity in advertising and marketing campaigns, the greater the likelihood of confusion." (quotation omitted)); Urban Outfitters, 511 F. Supp. 2d 504 ("When the parties target their sales efforts to the same group of consumers, there is a greater likelihood of actual confusion

between two marks." ). This is a "fact intensive inquiry that requires a court to examine the media the parties use in marketing their products as well as the manner in which the parties use their sales forces to sell their products to consumers." Kos Pharms., Inc., 369 F.3d at 722 (internal quotations omitted). In considering whether one company's customers are likely to encounter the other's goods, the Court is mindful that "[g]oods need not be identical for this factor to support a likelihood of confusion." Kos Pharm., 369 F.3d at 723. "The test is whether the goods are similar enough that a customer would assume they were offered by the same source." Checkpoint, 269 F.3d at 286.

b. In this Court's summary judgment Opinion, it held that although there may not be perfect overlap, as both companies offer payroll services and reach many of the same customers, this factor weighs in Defendant's favor. See A&H V, 237 F.3d at 225 (stating that with regard to channels of trade perfect parallelism will rarely be found).

c. At trial, Plaintiff repeatedly sought to support its claim that it does not market to the same sort of customer as does Defendant. Specifically, Plaintiff has argued that it only provides the backend technology for its services to financial institutions; those institutions -- so called "co-branders" -- in turn, sell the services under their own names to small-business

clients. (Tr., Feb. 3, 2009, 101:14-18, 121:7-16.) In contrast, Defendant markets its services directly to the small-business clients under its own name. (Tr., Feb. 6, 2009, 5:23-6:2; Tr., Feb. 5, 2009, 77:18-24.) The Court finds this distinction unpersuasive, however. A substantial portion of Primepoint's business is conducted through an entity called Delaware Valley Payroll. (Tr., Feb. 2, 2009, 98:13-16.) That entity shares common ownership, a common office, and common employees with Primepoint. (Tr., Feb. 3, 2009, 88:13-20, 98:7-99:20, 130:3-13.) The services supposedly offered by Delaware Valley Payroll to small-business customers are promoted under the Primepoint brand and mark. (Tr., Feb. 2, 2009, 51:16-18, 125:12-127:18, 130:14-133:14, 134:18-135:4; 135:11-136:8, 138:14-24; Tr., Feb. 20, 2009, 138:15-24.) The record is replete with evidence that Delaware Valley Payroll and Primepoint, while distinct corporate entities, actually operate as a single business. (Tr., Feb. 3, 2009, 143:7-21; Ex. D-35; Ex. D-29.) Importantly, even when Plaintiff is soliciting business on behalf of genuinely independent financial institutions, the Primepoint mark is prominently displayed and continues to be presented to the customer in the delivery of services. (Tr., Feb. 2, 2009, 56:7-10, 59:25-60:3, 64:11-15, 66:6-10, 78:18-25, 82:19-24, 94:21-95:2, 101:22-102:6, 130:14-133:14; Ex. D-11 (at 00022-00025)). Thus, although a portion of Plaintiff's business

is conducted through "co-branders", there is substantial direct competition between Plaintiff and Defendant to perform the same services for the same clientele. In the mind of a prospective customer, the subtle distinction between the respective business models of Plaintiff and Defendant are irrelevant. Accordingly, the seventh, eighth, and ninth Lapp factors, addressing the overlap of the services provided, the customers targeted, and the methods used to reach customers, weigh in favor of Defendant.

11. The tenth Lapp factor is whether the parties are likely to expand into one another's market space. Defendant urges the Court to consider that Plaintiff is a small but growing company, which is likely to increase the number of services it provides, as well as its geographic reach. (Tr., Feb. 3, 2009, 140:8-21.) Notably, the record evidence indicates that Plaintiff has grown in the past, but has no plans to continue expanding. (Tr., Feb. 2, 2009, 85:12-86:1, 123:7-10; Ex. D-40 (at 00034).) In any event, the parties have not argued why these facts bear upon the likelihood of consumer confusion, nor why they add to the already-discussed factors. Accordingly, the Court will not weigh this tenth Lapp factor in its final determination.

12. Taking all of the Lapp factors into consideration, this Court finds that there is not a likelihood of confusion between the marks of Plaintiff and Defendant. The Court has found that most of the Lapp factors weigh in favor of Plaintiff: the



PrimePay mark is weak; the relevant customer decision requires sophistication, heightened care, and attention; the Plaintiff lacked a purposeful or reckless intent when adopting the mark; and the only evidence of actual confusion was isolated, momentary, and fleeting, further illustrated by the five years Plaintiff used its mark before any confusion arose. Although the seventh, eighth, and ninth factors -- addressing the overlap of the services provided, the customers targeted, and the methods used to reach customers -- weigh in favor of Defendant, this is insufficient to find a likelihood of confusion. Finally, given the notable similarities and differences between Primepoint and PrimePay marks, the Court finds that this factor weighs neither clearly for, nor clearly against, an ultimate determination of a likelihood of confusion. Accordingly, the Court finds that, taking the ten Lapp factors together, there is not a likelihood of customer confusion.

### **Conclusion**

For the factual reasons stated above and the legal conclusions drawn therefrom, the Court finds that Plaintiff has not infringed upon Defendant's trademark. Accordingly, judgment will be entered in favor of Plaintiff's claims that no infringement under the Lanham Act occurred and that it did not falsely designate the origins of its products and services, nor engage in unfair competition; and judgment will be entered

against Defendant's counterclaims.

Dated: **June 30, 2009**

**s/Renée Marie Bumb**

RENÉE MARIE BUMB

UNITED STATES DISTRICT JUDGE

UNITED STATES COURT OF APPEALS  
FOR THE THIRD CIRCUIT

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No. 9-3241

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PRIMEPOINT, L.L.C.

v.

PRIMEPAY, INC.,  
Appellant

---

On Appeal from the United States District Court  
for the District of New Jersey  
(Civ. No. 1-06-cv-01551)  
District Judge: Hon. Renee M. Bumb

Argued: September 23, 2010

Before: McKEE, *Chief Judge*, AMBRO and CHAGARES, *Circuit Judges*

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JUDGMENT

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This cause came to be heard on the record from the United States District Court for the District of New Jersey and was argued on September 23, 2010.

On consideration whereof, it is now hereby ORDERED AND ADJUDGED by this Court that the district court's order entered June 30, 2009, be and the same is hereby AFFIRMED. All of the above in accordance with the opinion of this Court. Costs taxed against Appellant.

ATTEST:

/s/ Marcia M. Waldron  
Clerk

Dated: November 29, 2010

OFFICE OF THE CLERK

MARCIA M. WALDRON

CLERK



**UNITED STATES COURT OF APPEALS**

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RE: Primepoint v. Primepay Inc  
Case Number: 09-3241  
District Case Number: 1-06-cv-01551

ENTRY OF JUDGMENT

Today, **November 29, 2010** the Court entered its judgment in the above-captioned matter pursuant to Fed. R. App. P. 36.

If you wish to seek review of the Court's decision, you may file a petition for rehearing. The procedures for filing a petition for rehearing are set forth in Fed. R. App. P. 35 and 40, 3rd Cir. LAR 35 and 40, and summarized below.

Time for Filing:

14 days after entry of judgment.

45 days after entry of judgment in a civil case if the United States is a party.

Page Limits:

15 pages

Attachments:

A copy of the panel's opinion and judgment only. No other attachments are permitted without first obtaining leave from the Court.

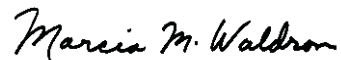
Unless the petition specifies that the petition seeks only panel rehearing, the petition will be construed as requesting both panel and en banc rehearing. If separate petitions for panel rehearing and rehearing en banc are submitted, they will be treated as a single document and will be subject to a combined 15 page limit. If only panel rehearing is sought, the Court's rules do not provide for the subsequent filing of a petition for rehearing en banc in the event that the petition seeking only panel rehearing is denied.

A party who is entitled to costs pursuant to Fed.R.App.P. 39 must file an itemized and verified bill of costs within 14 days from the entry of judgment. The bill of costs must be submitted on the proper form which is available on the court's website.

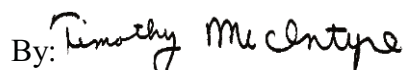
A mandate will be issued at the appropriate time in accordance with the Fed.R.App.P. 41.

Please consult the Rules of the Supreme Court of the United States regarding the timing and requirements for filing a petition for writ of certiorari.

Very truly yours,



Marcia M. Waldron, Clerk

By: 

Timothy McIntyre, Case Manager  
267-299-4953



NOT PRECEDENTIAL

UNITED STATES COURT OF APPEALS  
FOR THE THIRD CIRCUIT

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No. 09-3241

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PRIMEPOINT, L.L.C.

v.

PRIMEPAY, INC.,  
Appellant

---

On Appeal from the United States District Court  
for the District of New Jersey  
(Civ. No. 1-06-cv-01551)  
District Judge: Hon. Renee M. Bumb

Argued: September 23, 2010

Before: McKEE, *Chief Judge*, AMBRO and CHAGARES, *Circuit Judges*

(Opinion filed: November 29, 2010)

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OPINION

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McKEE, *Chief Judge*.

PrimePay, Inc. appeals the district court's final judgment that Primepoint, L.L.C. did not infringe upon PrimePay's trademarks. For the reasons set forth below, we will affirm.

Because we write primarily for the parties, we need not repeat the facts and procedural history of this case. Moreover, the district court has ably summarized that background and explained the legal issues in this case. *See Primepoint, L.L.C. v. Primepay, Inc.*, 2009 WL 1884369 (D.N.J. June 30, 2009); *Primepoint, L.L.C. v. Primepay, Inc.*, 545 F. Supp. 2d. 426 (D.N.J. 2008). On appeal, PrimePay argues that the district court; (1) legally erred when it failed to enjoin Primepoint's use of the PrimeTax mark, and (2) legally and factually erred when it determined that there was no likelihood

of confusion between the marks of PrimePay and Primepoint, and therefore Primepoint did not infringe PrimePay's mark.

PrimePay argues that the district court erred in failing to enjoin Primepoint's use of the mark "PrimeTax." However, there is no evidence on this record that Primepoint continued to use that mark after it agreed to cease all use. It agreed to cease the use upon being notified that its use may infringe PrimePay's trademark. Although PrimePay argues that it is nevertheless entitled to the requested injunction, it is clear that the district court did not err in refusing to enjoin something that was no longer occurring, absent evidence of the likelihood that an infringing use would occur again in the future.

While "the court's power to grant injunctive relief survives discontinuance of the illegal conduct. the purpose of an injunction is to prevent future violations." *United States v. W.T. Grant Co.*, 345 U.S. 629, 633 (1953). Where the illegal conduct has ceased, the party seeking the injunction bears the burden of proving "that there exists some cognizable danger of recurrent violation, something more than the mere possibility which serves to keep the case alive." *Id.*

We also reject PrimePay's claim that the district court erred when it determined that PrimePay's proof did not establish a sufficient likelihood of confusion between the marks of PrimePay and Primepoint to get relief. Judge Bumb issued a detailed and thoughtful opinion that carefully and clearly explained her reasons for finding that PrimePay had not established a likelihood of confusion, *see Primepoint, L.L.C. v. Primepay, Inc.*, 2009 WL 1884369 (D.N.J. June 30, 2009), and we will affirm substantially for the reasons set forth by Judge Bumb.